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THOUGHT LEADERSHIP

Empowering Organizational Resilience: Unraveling the Purpose of Internal Audit

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In today's dynamic and ever-changing business landscape, organizations encounter multifaceted challenges and opportunities that necessitate robust governance frameworks, proactive risk management, and informed decision-making. At the forefront of navigating these complexities lies the internal audit function—a fundamental pillar of organizational governance, risk management, and control processes. However, the efficacy and relevance of internal audit extend beyond its methodologies; it relies heavily on the competence of its professionals, adherence to global standards, and unwavering independence.

The 2017 International Standards for the Professional Practice of Internal Auditing (The Standards) delineate internal audit as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations." This description underscores the pivotal role of internal audit in enhancing operational efficiency and effectiveness. It emphasizes the systematic and disciplined approach employed by internal auditors to evaluate and augment risk management, control, and governance processes within the organization. Conversely, the new Global Internal Auditing Standards (GIAS) define internal auditing as a function that "strengthens the organization's ability to create, protect, and sustain value." This characterization underscores the proactive nature of internal audit in safeguarding organizational value and fostering resilience. It highlights the importance of independent, risk-based assessments in furnishing management and the board with actionable insights to navigate uncertainties and capitalize on opportunities effectively.

In this article, we delve into the purpose statement of internal audit, exploring various strategies and tactics that internal audit can employ to offer invaluable advice and insight aimed at enhancing organizational success. By embracing these strategies, internal audit not only fulfills its mandate but also contributes significantly to organizational resilience in the face of evolving challenges and opportunities. As stewards of assurance, internal audit professionals are entrusted with the critical task of providing boards and management with independent and objective perspectives. Internal audit serves as the vanguard of governance, risk management, and control processes, providing invaluable assurance, advice, and insight to both the board and management. To execute this critical mandate, internal auditors must possess a multifaceted skill set encompassing technical expertise, ethical courage, and an unwavering commitment to objectivity thereby offering invaluable strategic and forward-thinking guidance.

But how can internal audit best deliver on this promise?

Competent internal auditors immerse themselves in the organization's intricacies, gaining profound insights into its operations, objectives, and challenges. By cultivating a deep understanding of the business landscape, internal audit can identify emerging trends, anticipate potential disruptions, and facilitate informed decision-making. Internal audit must embrace innovation, harnessing cutting-edge technologies and methodologies to enhance its effectiveness and ultimately its relevance. From data analytics and artificial intelligence to agile auditing approaches, embracing innovation empowers internal audit to unlock new avenues of value creation and risk mitigation.

Effective internal audit functions extend beyond the confines of its responsibilities, forging strategic partnerships across the organization. By collaborating closely with key stakeholders, including management, the board, and external auditors; internal audit fosters a culture of transparency, accountability, and continuous improvement. Through open dialogue and collaboration, internal audit can use collective wisdom, driving meaningful change and value realization.

Continuous learning lies at the heart of internal audit's evolution and relevance. Competent internal auditors prioritize professional development, staying abreast of emerging trends, regulatory changes, and industry best practices. By investing in talent development and knowledge-sharing initiatives, internal audit can remain at the forefront of innovation and excellence.

Moreover, the independence of the internal audit function is non-negotiable—a fundamental principle that underpins its credibility and effectiveness. An independent internal audit function operates autonomously, free from undue influence or coercion, with direct accountability to the board. This autonomy enables internal auditors to conduct objective assessments, challenge entrenched practices, and speak truth to power, thereby fostering a culture of accountability, transparency, and ethical conduct within organizations.

Central to the success of internal audit is its direct accountability to the board—a relationship rooted in transparency, collaboration, and mutual respect. By fostering open communication channels and promoting a culture of accountability, internal audit professionals enhance the board's oversight capabilities, enabling informed decision-making and strategic alignment with organizational objectives. Regular dialogue ensures that internal audit's advice and insights are integrated into decision-making processes and strategic planning efforts.

Furthermore, internal auditors must embody an unwavering commitment to objectivity—an indispensable trait that distinguishes them as guardians of organizational integrity and ethical conduct. In the face of complex challenges and competing interests, internal audit professionals must uphold the highest standards of professionalism, integrity, and ethical conduct, serving as beacons of trust and credibility within the organization.

In conclusion, internal audit stands as the foundation of organizational excellence, embodying the values of integrity, professionalism, and commitment to excellence. The effectiveness of internal audit in strengthening organizational resilience hinges on the competence, independence, and commitment of its professionals. By adhering to global standards, maintaining independence, and upholding principles of objectivity, internal audit professionals play a pivotal role in safeguarding organizational value, reputation, and sustainability. As

we navigate the complexities of today's business landscape, let us reaffirm our commitment to excellence, integrity, and accountability—values that define the essence of internal audit and propel organizations toward sustained success and resilience in an ever-changing world. Together, let us embark on a journey of transformation, resilience, and sustainable value creation, guided by the principles of competence, independence, and objectivity.